

SEED AND VENTURE CAPITAL RESOURCES

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

The Missouri Department of Economic Development ("DED"), other state agencies, and federal agencies have a broad array of resources to facilitate capital formation for new and expanding high growth businesses.

HOW A SEED OR VENTURE CAPITALIST SELECTS INVESTMENTS

Seed and venture capital firms typically fund only a very small percentage of business plans they review. They look for companies that can grow very quickly, with the intent of selling their stock in that company within 3-6 years. The primary consideration of their review is the quality of management, the potential growth of the company, and the ability to exit (sell their stock) within a few years. Typically, the investor will require an active participation in management of the company.

The percentage of ownership that the investor will require for a certain amount of investment depends on many factors, including:

- ?? The amount of funding involved;
- ?? The potential return on investment;
- ?? The riskiness of the investment; and,
- ?? How easy it likely will be to exit within a few years.

BUSINESS PLAN

A professional business plan is essential to garner the interest of a seed or venture capital investor. The elements of the plan may include:

- ?? Past 3 years financial statements (balance sheet, income statement);
- ?? Current interim financial statements;
- ?? Projected financial statements for the next 2-3 years that adequately describes the basis for all assumptions.

- ?? Monthly cash flow projection for the next 24 months that includes the proposed sources of funds, and their likely payment schedules.
- ?? Current personal financial statements of owners of 10% or more of ownership, plus resumes of key management;
- ?? Description of the products/services of the company, their competitive advantages, potential for growth, and other related information.

PRIVATE SEED & VENTURE CAPITAL FIRMS

A listing of all MO-based seed and venture capital firms can be found at:

<http://www.ecodev.state.mo.us/business.htm>

BUSINESS PLAN ASSISTANCE

- ?? Small Business Development Centers (17 in Missouri). To find the location nearest you:
 - ?? www.mo-sbdc.org
 - ?? 573-882-0344
- ?? Local CPAs and accounting firms (check your yellow pages).

INFORMATION SOURCES

- ?? DED web site: www.ded.state.mo.us
- ?? Toll-Free: 1-800-523-1434
- ?? E-mail: ecodev@mail.state.mo.us

WHAT TYPES OF PROJECTS TYPICALLY CAN'T BE DONE?

Not every project is a candidate for seed or venture capital financing. The projects that will have difficulty in obtaining approval are the following:

- ?? Inexperienced or unqualified management;
- ?? Product or service that does not demonstrate a sufficient return on investment, given the risk of the financing situation.
- ?? Poorly documented or incomplete business plan.

DED REGIONAL OFFICES

DED's regional offices can provide suggestions of possible state, federal or local financial assistance resources.

- ?? St. Louis (314) 340-6823
- ?? Kansas City (816) 889-2900
- ?? Trenton (660) 359-5960
- ?? Springfield (417) 888-4001
- ?? Moberly (660) 269-8802
- ?? Dexter (573) 624-9950
- ?? Houston (417) 967-5770
- ?? Jefferson City (573) 751-0482

RELAY MISSOURI SERVICE

- ?? Voice user calling a hearing/speech impaired user: 800-735-2466.
- ?? Hearing/Speech impaired user calling a voice user: 800-735-2966

MISSOURI MARKETPLACE

Information on thousands of Missouri-made products and services designed to encourage both in-state and out-of-state businesses and consumers to buy Missouri-made products. Registration is free and open to any Missouri-based company. To search the database or register your company, visit:
www.missourimarketplace.org

INTERNATIONAL MARKETING

DED's Office of International Marketing works to make companies aware of international opportunities and help them secure new business. For more information on the services available, please call (573) 751-4855 or 1-888-690-4855.